

Table of Contents

Advantage Services India: 6-3 (\$Tn).....	2
Match-point 2035 - Serving India & The World.....	2
The \$6 Trillion Services Playbook.....	3
Upward Shift in Services PMI: From Steady Growth to Strong Expansion.....	4
India's services exports grew at one of the fastest rates.....	5
India's share in Global Service Exports increased from 1.9% in 2005 to 4.3% in 2023.....	6
Global Economic Scenario.....	7
India's successful transition from an agriculture-driven economy to a service-oriented one.....	7
Services Sector will Continue to drive GVA Growth.....	8
Well-diversified Constituents in Services Sector.....	9
Double-digit CAGR growth in major Services Sectors.....	9
Banking Services: Prime Growth Vector for ~Rs 200 Tn Corporate Borrowing by 2030.....	10
AI Reshaping IT Services: Short-Term Pressure, Long-Term Opportunity.....	11
Transportation & Logistics Services: ~\$1.0 Tn Gateway.....	12
Services Ecosystem- At a Glance.....	13
Current and Forward Valuations of the Ecosystem.....	14
Omni Services Corp Portfolio.....	15
Key References:.....	16
Disclaimers.....	17

Advantage Services India: 6-3 (\$Tn)

GROWTH VECTOR: SERVICES

Mature Giants:

- IT Services
- Banking Services

Emerging Stars:

- Financial Services
- Professional and Commercial Services
- Transportation and Logistics



Match-point 2035 - Serving India & The World

India's services sector stands at the forefront of the country's next phase of economic transformation, evolving from a supporting pillar into the principal driver of growth. Services contribute more than half (55%) of India's Gross Value Added and have steadily expanded across states, reflecting both structural depth and geographic diversification. The services ecosystem is poised to remain the cornerstone of India's journey toward a \$10 trillion economy.

This report covers the following aspects:

Structural Shift: The rise of services GVA from ~38% in 1990 to over 55%, with a credible path toward ~60% by 2035 (\$ 6 Tn), becoming the core pillar of the economy.

Global Scale & Exports: India emerged as the 7th-largest services economy globally, with service exports among the fastest growing worldwide (~11%), global share expanding from 1.9% in 2005 to 4.3% in 2023.

India is aiming **10% share in global exports** by 2047.

Diversified Listed Opportunity: India has ~470+ listed services companies with ~₹197 trillion market cap, offering diversified investment exposure.

Key Growth Vectors: *Banks* funding India's capex cycle (~₹200 trillion corporate borrowing potential by 2030), *Logistics* scaling toward a ~\$1 trillion opportunity by 2035, *IT services* retaining long-term structural strength despite near-term pressures, and *Professional & commercial services* benefiting from rising formalization and digitalization of business services.

"Nations industrialise to grow, but they endure when Services dominate."

The \$6 Trillion Services Playbook

India’s services sector is entering a defining decade- one that could unlock an annual economic value of nearly \$6 trillion by 2035, up from about \$2 trillion today. With services already contributing around 55% of India’s GDP in 2025 and projected to rise to 60% by 2035, the sector is set to outpace overall growth and cement its role as the central driver of India’s structural transformation.

This growth trajectory is powered by India’s strengths in IT, financial services, healthcare, modern business services, digital public infrastructure, and a rapidly expanding domestic consumption base. The attached snapshot highlights the magnitude of this shift:

%age of GDP	India (2025)	India (2035)*
Agriculture, forestry, fishing	18%	10%
Industry	27%	30%
Services	55%	60%

Exhibit 1: India economic activity-wise GVA Contribution in 2025 and 2035(E)

Services have become the predominant contributor to output, productivity, and value creation worldwide, accounting for nearly two-thirds of global GDP. India has become the 7th-largest services economy globally as of 2023, rising ten ranks since 2000.

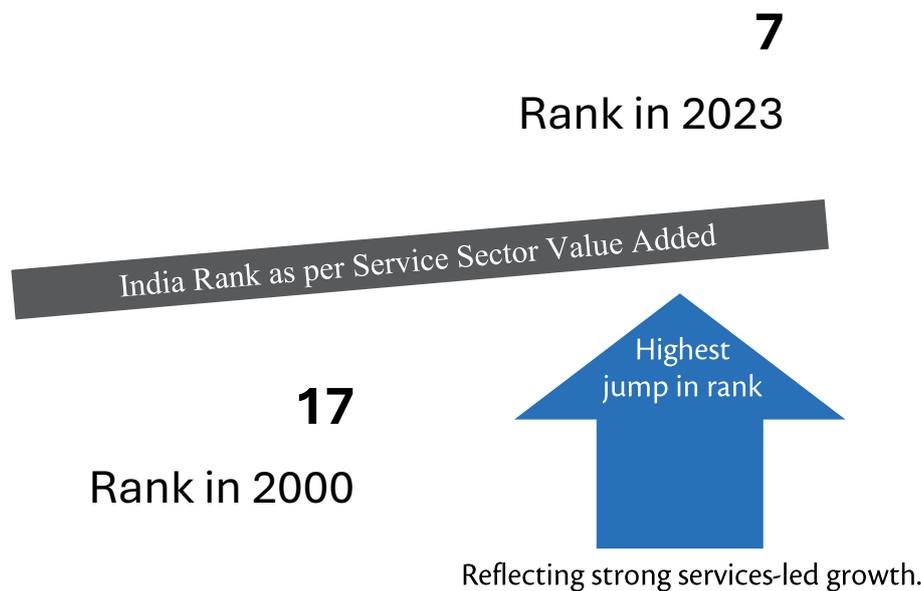


Exhibit 2: Service Sector GVA rank of India globally in 2000 vs 2023

The services sector is not just large- it is India’s most resilient and stable growth anchor as well as diverse, with high-value, globally integrated services coexisting alongside traditional, labour-intensive activities.

Upward Shift in Services PMI: From Steady Growth to Strong Expansion

The Services PMI has shown a notable upward shift, increasing from a range of 50 to 55 between 2015 and 2020 to a range of 55 to 60 from 2022 to 2026. This indicates a significant improvement in the performance and expansion of the services sector over time.

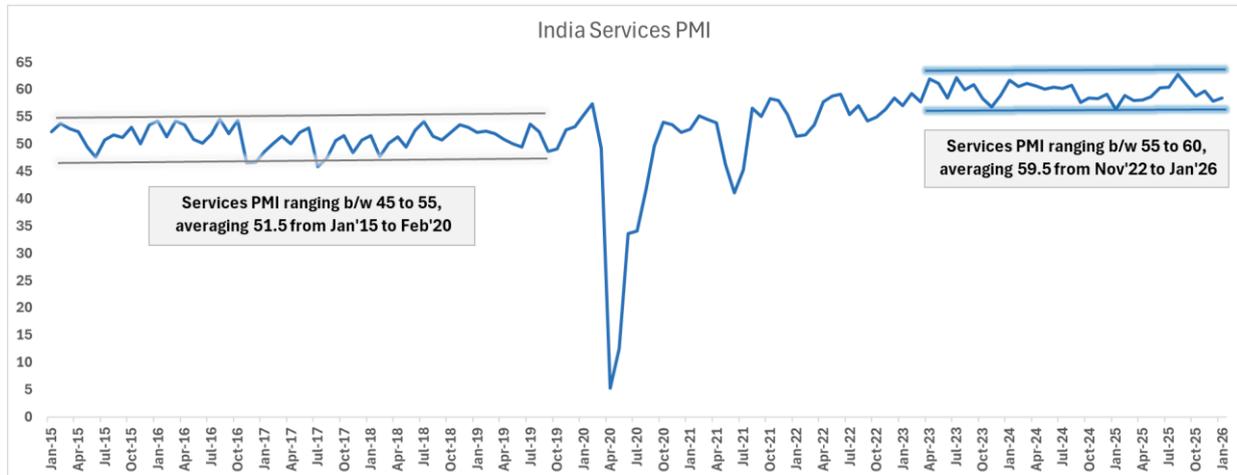


Exhibit 3: Upward trend shift of India Services PMI from Jan-2015 to Jan-2026

The global Services PMI data for January 2026 highlights India as the strongest-performing major services economy, with a PMI reading of 58.5, significantly higher than other major economies.

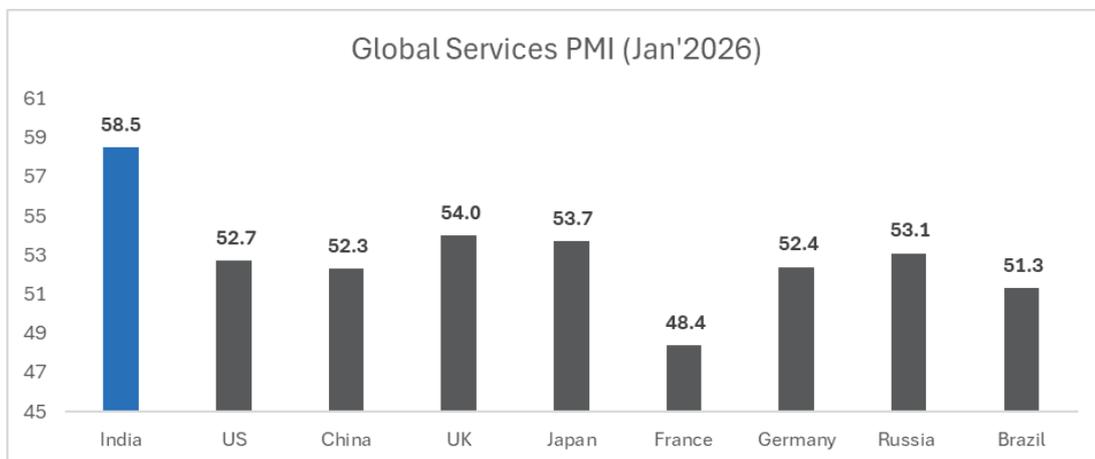


Exhibit 4: Comparison of Global Services PMI (as of Jan'2026) across top economies

India's services exports grew at one of the fastest rates

From 2005 to 2023, India's services exports experienced remarkable growth at a 10.9% CAGR, outpaced only by Singapore and Ireland.

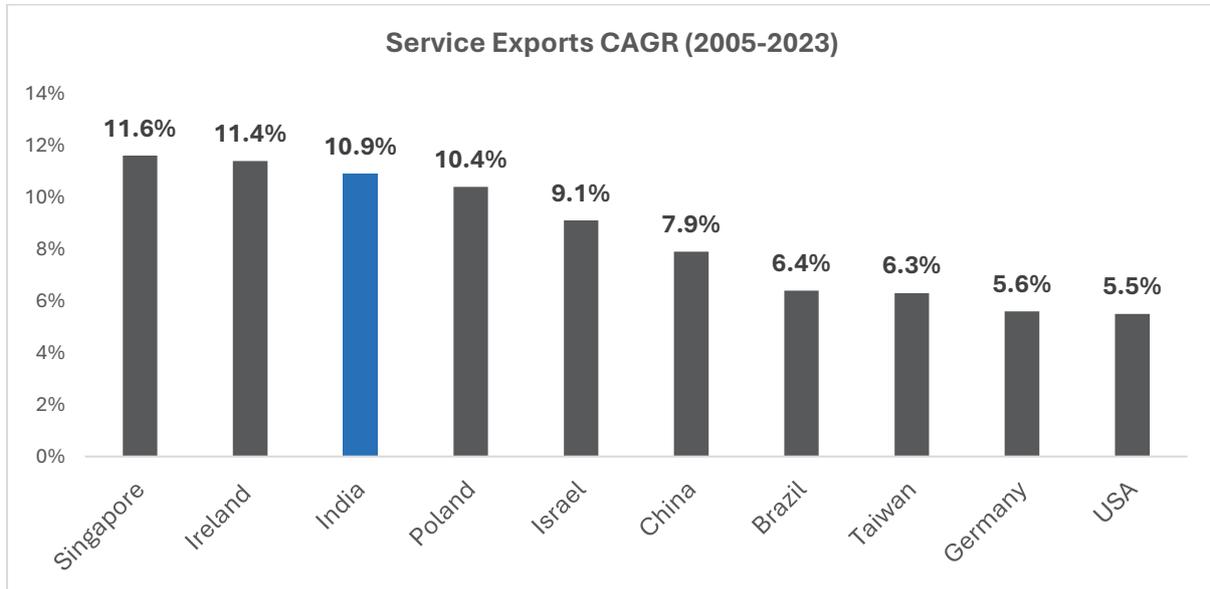


Exhibit 5: Service exports CAGR from 2005 to 2023 for major economies

India is a significant player in global services exports, ranking seventh worldwide and second among developing economies. In 2023, India held a 4.3% share in global exports, valued at US \$338 billion. As of 2025, the value of Service exports by India has grown by 13.6% y-o-y to US \$388 billion.

India's Service Exports 10-year CAGR: **9.4%**

Rank	Country	% Global Services export (2023)
1	US	13.0%
2	UK	7.4%
3	Germany	5.5%
4	China	5.0%
5	Ireland	5.0%
6	France	5.0%
7	India	4.3%
8	Singapore	4.1%

Exhibit 6: Top 8 economies in global share of service exports

India’s share in Global Service Exports increased from 1.9% in 2005 to 4.3% in 2023

India’s share in global service exports used to be 1.9% in 2005, which has now grown to 4.3% as of 2023. India aims for 10% share in global exports by 2047.

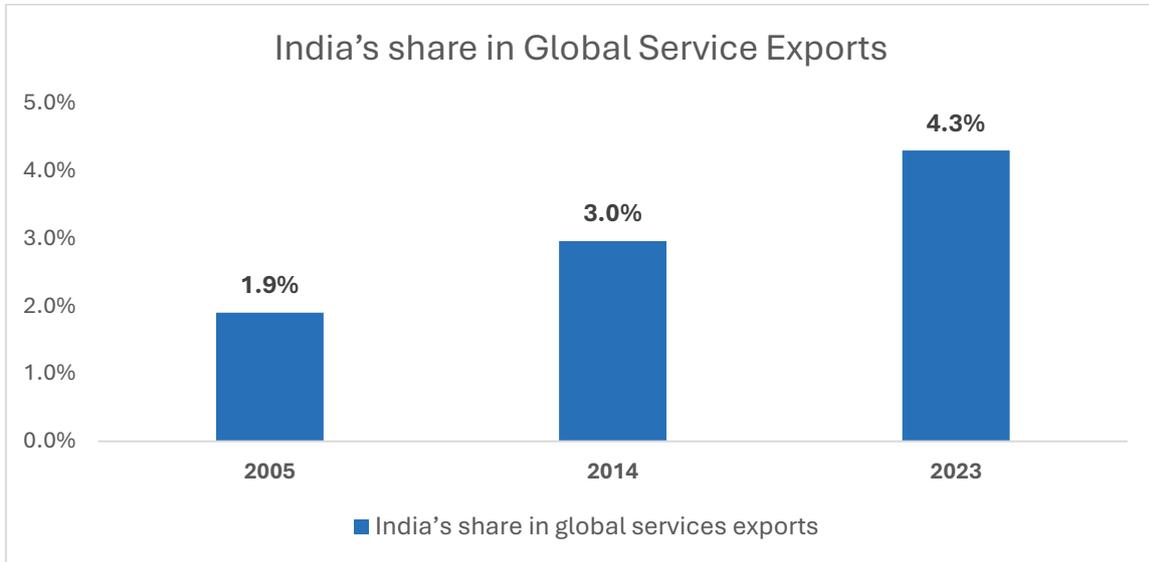


Exhibit 7: India’s growth in share of Global service exports

“Services exports are no longer auxiliary- they are strategic.”

-OECD (Organisation for Economic Co-operation and Development)

Global Economic Scenario

% GDP (2023)	USA	Germany	Japan	UK	France	China	Brazil	Russia	Mexico	India
Agriculture	1%	1%	1%	1%	2%	7.5%	7%	4%	4%	18%
Industry	18%	29%	29%	19%	21%	38.5%	25%	35%	35%	27%
Services	81%	70%	70%	77%	78%	54%	68%	61%	61%	55%

Exhibit 8: Top 10 economies GDP Break-up

For comparison, major developed global economies service sector contributes on an average around 70%+ to GDP. While 70% seems a very long-term goal, 60% contribution by services is very much achievable comparing with developing economies, along with 30% from Industry and 10% from Agriculture in the next decade.

India's successful transition from an agriculture-driven economy to a service-oriented one

India has effectively shifted from an agriculture-driven economy to a service-oriented one. The services sector's contribution to the country's Gross Value Added (GVA) has increased from 38.2% in 1990 to 54.4% in 2024, underscoring its crucial role in economic growth and development.

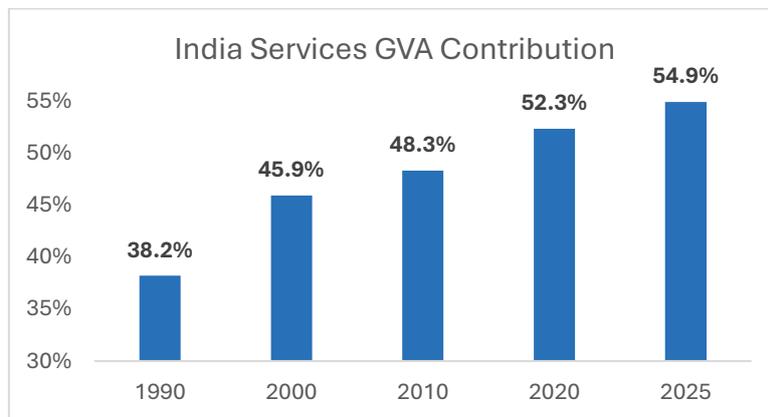


Exhibit 9: India Services GVA contribution (%) trend from 1990-2025

GVA Contribution 2025

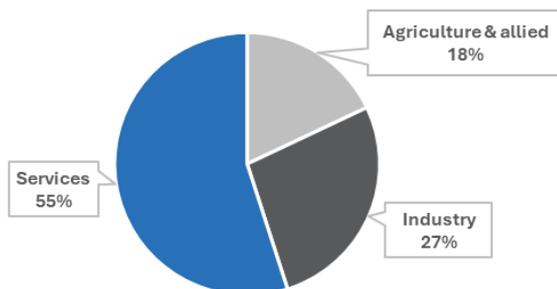


Exhibit 10: Economic-activity wise GVA Contribution share as of FY2025

Services Sector will Continue to drive GVA Growth

The Gross Value Added (GVA) data at current prices reveals significant insights into the performance of various sectors in India's economy over the past few years.

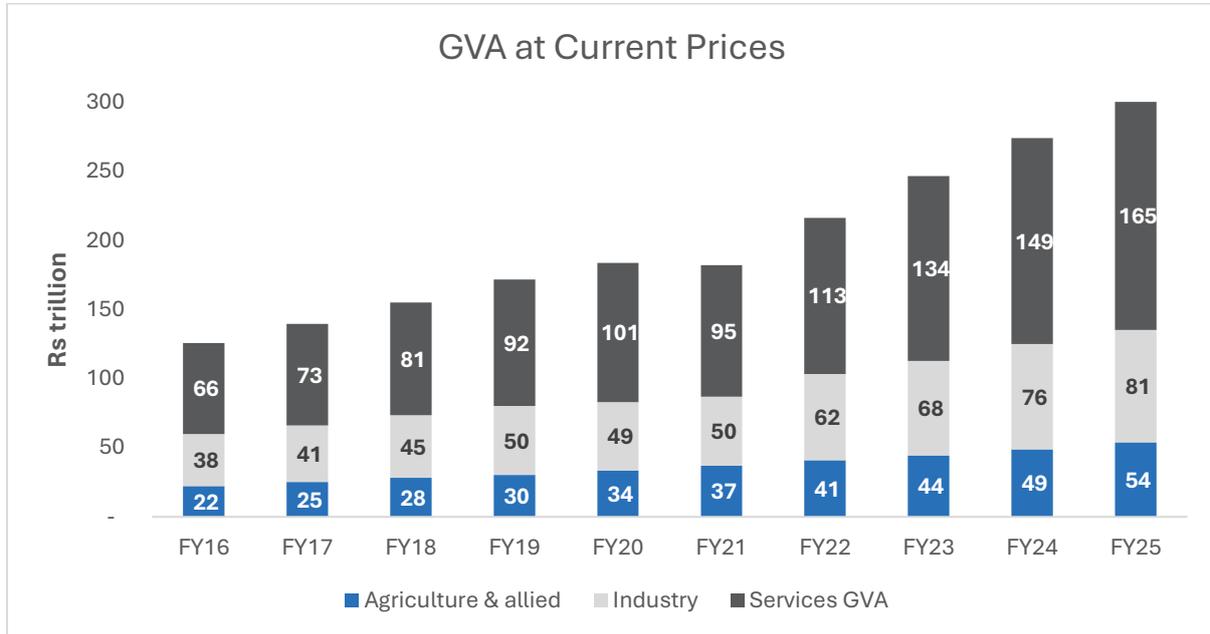


Exhibit 11: India's GVA contribution by economic activity from FY16 to FY25

- The services sector has been the largest contributor to GVA, with a 10-yr CAGR of 10.7%, growing from Rs 60 trillion in FY15 to Rs 165 trillion in FY25. This sector's dominance is reflected in its consistent contribution of over 50% to the total GVA, highlighting its critical role in driving economic growth.

GVA Growth	3-year CAGR	5-year CAGR	10-year CAGR
Agriculture & allied	9.5%	9.8%	9.9%
Industry	9.3%	10.5%	9.0%
Services GVA	13.5%	10.4%	10.7%
Total GVA	11.5%	10.3%	10.1%

Exhibit 12: Economic-activity wise 3-yr, 5-yr & 10-yr GVA CAGR till FY25

Let's talk about Services GVA and its constituents in detail.

Well-diversified Constituents in Services Sector

GVA contribution under services comes from various well-diversified sectors such as Real Estate, Financial Services, Trade, repair, hotels and likewise as shown below:

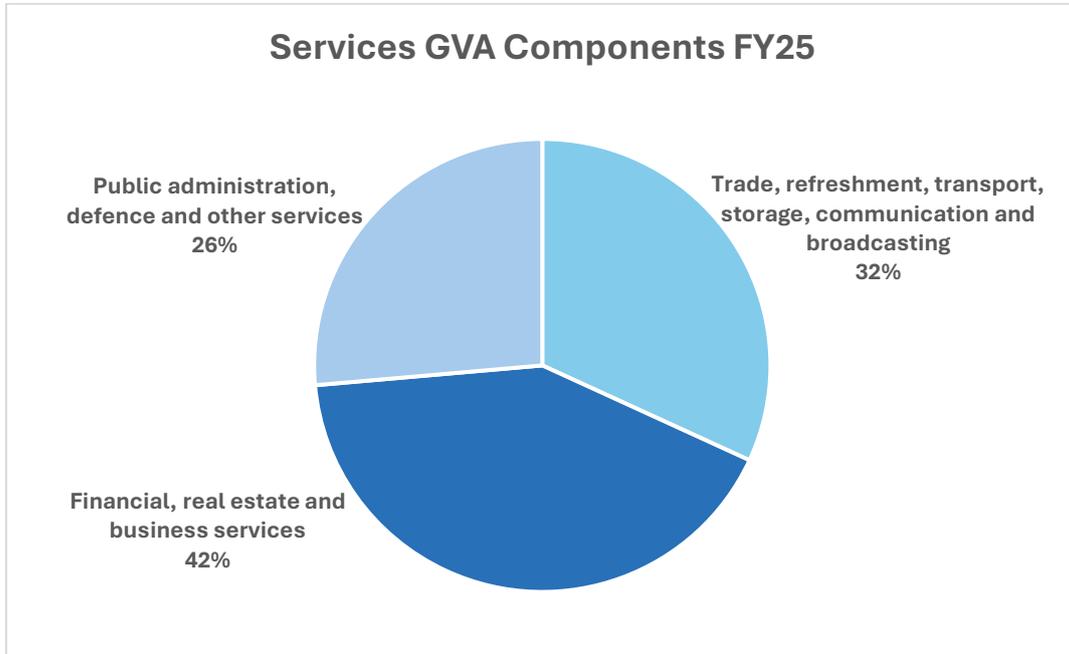


Exhibit 13: GVA share by each classification under Services as of 2025

Double-digit CAGR growth in major Services Sectors

Within the sector, financial, real estate and business services have emerged as the fastest-growing segment, delivering a 10-year CAGR of 11.3% and a strong 14.0% growth over the past 3-yrs. Similarly, public administration, defence and other services that have maintained consistent double-digit growth, reflecting sustained government spending.

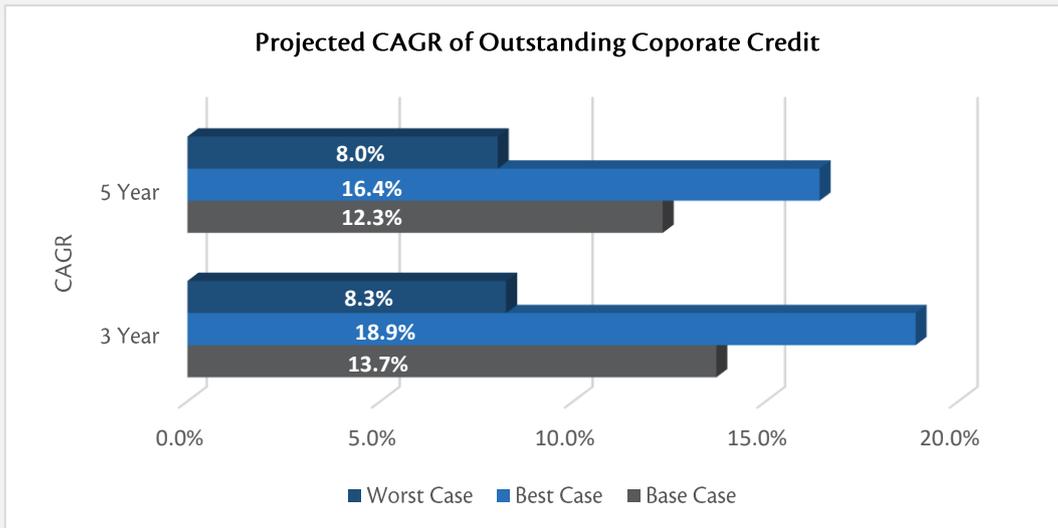
GVA Growth in Services Constituents	3-yr CAGR	5-yr CAGR	10-yr CAGR
Trade, refreshment, transport, storage, communication and broadcasting	12.7%	8.6%	9.6%
Financial, real estate and business services	14.0%	12.1%	11.3%
Public Administration, Defence & other Services	13.6%	10.0%	11.3%
Total Services GVA	13.5%	10.4%	10.7%

Exhibit 14: Classification-wise 3-yr, 5-yr & 10-yr GVA CAGR under Services

Let's look at some of the emerging growth vectors in Services domain, their opportunity and growth drivers:

Banking Services: Prime Growth Vector for ~Rs 200 Tn Corporate Borrowing by 2030

India’s banking sector is emerging as a central growth vector within the services economy, perfectly positioned to finance the country’s next multi-decadal capex cycle. As highlighted in the [India Inc. at Capex Inflection](#) report, banks enter this period with the strongest balance sheets, structurally higher profitability, and the lending capacity to underwrite India’s investment boom.



- Corporate Balance Sheets Are Lean & Capex Ready-** After a decade of deleveraging, India Inc.’s debt-equity ratio has fallen from 0.95 (FY20) to 0.66 (FY25). Higher profitability, better margins, and improved efficiency have shifted corporates from repair mode to investment mode, unlocking massive credit appetite.

(In Rs Cr)	Projected New borrowing		3 Year		5 Year	
	3 Year	5 Year	Bank	Non-Bank	Bank	Non-Bank
BASE CASE	92,59,202	1,38,95,118	45,01,665	47,57,536	67,51,487	71,43,631
BEST CASE	1,36,67,524	2,03,91,101	66,84,168	69,83,355	99,57,823	1,04,33,278
WORST CASE	52,19,356	82,25,697	25,02,315	27,17,041	39,54,893	42,70,804

- Banks Enter the Cycle Stronger Than Ever-** Balance sheets today are “fortress-like” NPAs at 20-year lows (NNPA: 0.57%), Capital Adequacy at 16.9%, well above regulatory norms.
- Policy & Public Capex Are Acting as Catalysts-** Record government capex- projected at ~Rs 125 lakh crore over FY26-30 is crowding in private investment. With sectors like materials, manufacturing, energy, and utilities entering multi-year capex cycles, banks become the primary credit suppliers.

AI Reshaping IT Services: Short-Term Pressure, Long-Term Opportunity

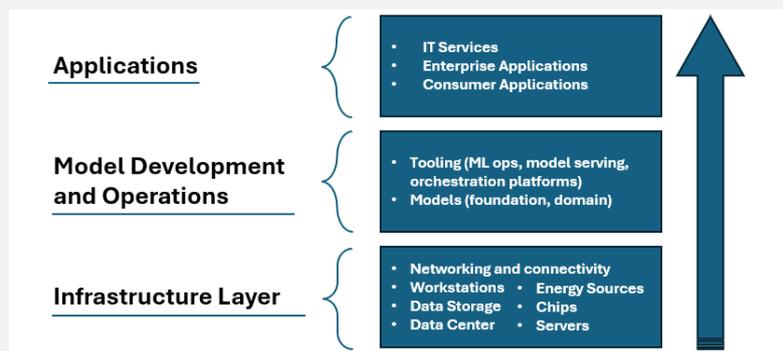
The rapid progress in artificial intelligence has created near-term uncertainty for the IT services. Many routine tasks are increasingly being automated by generative AI and large language models, putting pressure on traditional outsourcing revenue models. Industry estimates suggest

- Generative AI could impact roughly 25 to 30% of traditional application development, testing, and maintenance work. ([ICICI Direct](#))
- This may potentially result in a 10 to 12% dent in overall revenues over 3 to 4 years. But,

Infrastructure investment precedes application and services monetization

Global IT spending is expected to exceed **\$6 trillion in 2026**, driven largely by investments in AI, cloud infrastructure, cybersecurity and data modernization ([Splunk](#)).

AI value chain is evolving in layered stages. Once the infrastructure layer stabilizes, enterprises will increasingly require system integrators and technology partners to deploy, customize, integrate, and govern AI systems across business workflows.



This is precisely where Indian IT service providers are structurally positioned. Their strengths in **enterprise consulting, system integration, cloud migration, data engineering, and application modernization** place them at the top layer of the AI stack- the services and application layer where the majority of enterprise monetization occurs.

IT Firms already Turning AI Into Revenue

A Ltd: Industrial-Scale AI, reported ~\$1.8 billion annualized AI services revenue, growing ~17% QoQ, positioning AI as a full-stack offering, spanning infrastructure, platforms, and applications.

B Ltd: Enterprise AI Platforms, \$4.8 billion in large deal wins and currently executing 4,600 AI projects, helping enterprises manage AI deployment across data, applications.

C Ltd: Applied AI, reported ~\$146 million in advanced AI revenue in a single quarter, \$3 billion in new bookings, focuses on real-world AI use cases such as inspection, mining, and engineering.

Transportation & Logistics Services: ~\$1.0 Tn Gateway

India’s logistics industry sits at the heart of the country’s service-sector transformation. As highlighted in the [India’s Logistics Super-Cycle](#) report, the sector is being reshaped by a combination of factors:

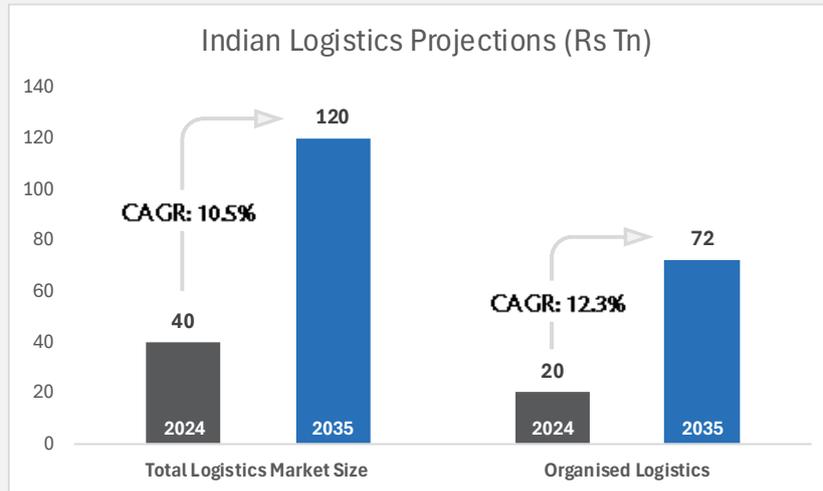


Exhibit 15: Expected India’s logistics market size in 2035

- **Infrastructure Capex Supercycle: ~Rs 105 lakh crore**

Particulars	2026	2027	2028	2029	2030
India GDP (\$ Tn)	4.68	5.23	5.85	6.53	7.30
Govt spend on infra % of GDP	3.4%	3.8%	4.1%	4.5%	4.8%
Govt spend on infra (\$Tn)	0.16	0.20	0.24	0.29	0.35

Exhibit 16: Central Govt expected to infuse ~Rs 105 tn between FY26-30, raising infra spend to 4.8-5.0% of GDP by 2030 from 3.1% in FY25.

- **Digital & Policy Reforms** like National Logistics Policy, GST & Digital Infrastructure creating a National Marketplace, E-waybill System along with others.
- **Shift from unorganized to organized players:** The unorganized logistics sector, built on small fleets, manual processes, and informal capital, is rapidly losing viability as compliance and efficiency standards rise.

In contrast, organized players- with technology-led operations, formal financing, and integrated multimodal services- are scaling nationally and capturing market share. This shift is driving higher productivity, better service quality, and long-term industry consolidation.

Services Ecosystem- At a Glance

Let's look at the top ~500 Services based companies, classification-wise:

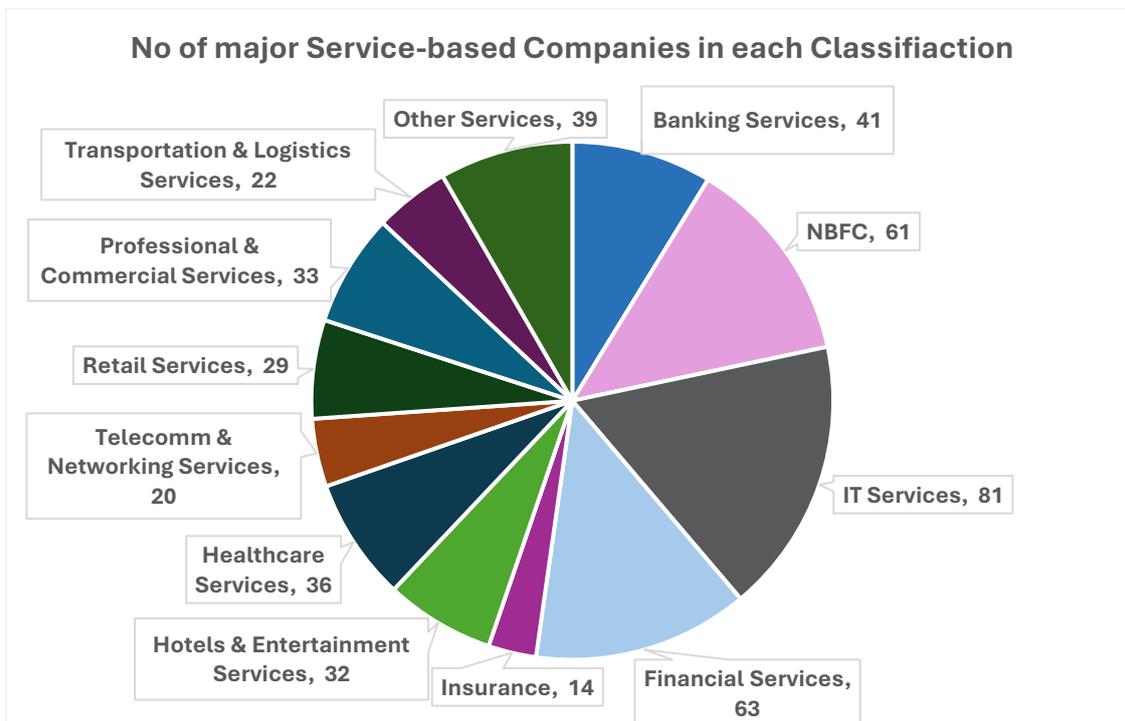


Exhibit 17: No of companies under major classifications in Service sector

Classification (Mcap 800 Cr+)	# Companies	Sum of Mcap (Rs Cr)	% of Mcap
Banking Services	41	58,15,358	29.5%
IT Services	81	40,83,854	20.7%
NBFC	61	24,56,222	12.4%
Insurance	14	17,27,912	8.8%
Telecomm & Networking Services	20	16,39,775	8.3%
Financial Services	63	10,86,869	5.5%
Retail Services	29	7,31,334	3.7%
Healthcare Services	36	6,73,916	3.4%
Hotels & Entertainment Services	32	3,67,971	1.9%
Transportation & Logistics Services	22	3,67,881	1.9%
Professional & Commercial Services	33	3,18,718	1.6%
Other Services	39	4,60,298	2.3%
Total Services	471	1,97,30,107	100%

Exhibit 18: No of companies and Mcap of major classifications in Service sector

Current and Forward Valuations of the Ecosystem

We have analysed the major classifications in Service sector based on current and forward valuations along with growth rates:

Classification	Current PE (HarMean)	PE Fwd FY27	5-yr Sales CAGR	Fwd Growth FY27	Fwd Growth FY28
Banking Services	14.4	13.7	13.5%	11.4%	15.0%
NBFC	18.6	16.1	18.6%	16.7%	18.2%
Insurance	19.9	15.8	9.5%	11.7%	11.8%
Financial Services	27.8	44.1	17.6%	14.2%	12.1%
Professional & Commercial S.	46.3	39.6	23.6%	20.1%	21.4%
Transportation & Logistics	43.6	26.4	74.8%	14.2%	14.2%
Other Services	19.8	33.2	22.1%	8.8%	16.5%
IT Services	29.4	24.3	11.6%	9.0%	8.4%
Hotels & Entertainment Services	53.3	39.3	43.3%	14.4%	15.3%
Healthcare Services	61.4	43.6	27.4%	19.2%	15.9%
Telecomm & Networking S.	39.1	29.9	14.2%	12.7%	11.2%
Retail Services	75.6	58.6	28.8%	19.3%	18.6%
Total	21.7	19.6	14.4%	11.9%	12.6%

Exhibit 19: Current & Fwd PE ratio and growth of major classifications in Service sector (As of Mar'26)

Note: Based on our internal assessment of forward growth expectations, projected cash flows, and prevailing valuations, we have categorized the services segments into fairly valued, undervalued and overvalued buckets.

Omni Services Corp Portfolio

Our curated portfolio composition for Service sector is as follows:

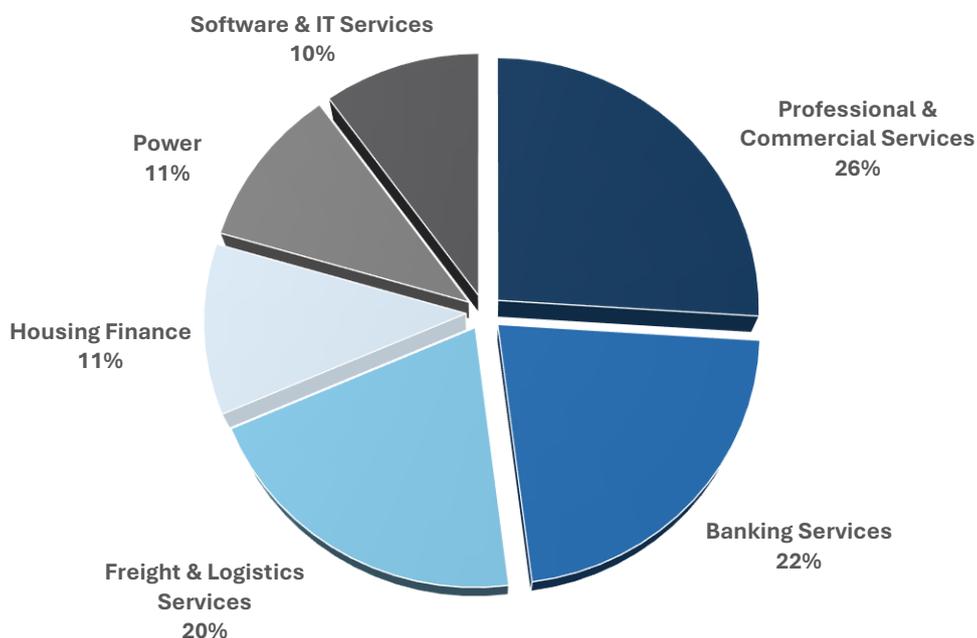


Exhibit 20: Portfolio composition of our curated portfolio for Service sector (Mar'2026)

Parameter (As of Feb'26)	BSE 500	Omni Services Corp
Price to Earnings (P/E)	24.4	12.4
Price to Book (P/B)	4.2	1.4
Dividend Yield	1.1%	3.0%
Growth 2-yr Fwd.	--	9.5%

Exhibit 21: Valuation ratios & growth rates comparison of our curated portfolio vs Benchmark

Key References:

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